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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 4, 2001

Mike Glasson, Environmental Coordinator
Andalex Resources, Inc.
P.O. Box 902
Price, Utah 84501

Re: Midterm Review, Andalex Resources, Inc., Wildcat Loadout, C/007/033-MT01,
Outgoing File

Dear Mr. Glasson:

The Division is required to review each active permit during its term, in accordance with R645-303-211. This review is to take place at the midpoint of the permit term (November 5, 2001 for the Wildcat Loadout) and will cover pertinent elements that have been selected for review. The Midterm Review for the Wildcat Loadout is now being conducted and the items chosen for review encompass the following:

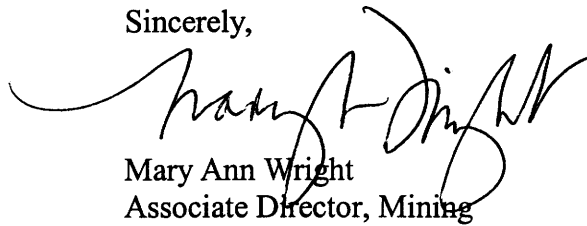
1. An AVS check to ensure that Ownership and Control information is current and correct.
2. A review of the plan to ensure that the requirements of all permit conditions, division orders, notice of violation abatement plans, and permittee initiated plan changes are appropriately incorporated into the plan document.
3. A review of the applicable portions of the permit to ensure that the plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
4. A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate year dollars.
5. The Division will conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness of operational, reclamation, and contemporaneous reclamation practices.

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Any information that you would like us to review as part of the Midterm review must be submitted by November 5, 2001. Once the review has been conducted, you will be notified of any outstanding issues that need to be corrected.

If you have any questions regarding these requirements or the Midterm Review please don't hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright", is written over the typed name and title.

Mary Ann Wright
Associate Director, Mining

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cc: Price Field Office
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